a personal union since 1386. In 1569, under the Union of Lublin, she lost her independence altogether, and until the partitions of Poland in 1772–93 she shared a common history with that country. One of the most enduring results of the Polish régime was the establishment of the Roman Catholic religion in what had hitherto been a practically pagan State, at a time when Lutheranism was being introduced by the Baltic Barons in Livonia and Estonia.[1]

In the sixteenth century the power of the Teutonic Knights in the latter Provinces began to weaken under repeated assaults from the Russians, which reached their high-water-mark under Ivan the Terrible between 1558 and 1584. In 1521 Estonia had already accepted the protection of Sweden; and in 1560, after the dissolution of the Teutonic Order, Poland annexed Courland and Livonia, although a large part of the latter was afterwards wrested from her by the Swedish king, Gustavus Adolphus, in 1626. The districts which thus came under Swedish rule enjoyed a somewhat more liberal régime than had hitherto been their lot. The privileges of the Baltic Barons were curtailed, and something was done towards national education—it was during this period that the University of Dorpat was founded in Estonia. In Courland, however, where the Barons were left a very free hand, owing to Poland's preoccupations elsewhere, the peasants were no better treated during this period than they had been before.

Russian Rule (1710–1918). Finally, the eighteenth century saw the defeat of Charles XII by Peter the Great at Poltava (1709) and the gradual passing of control over the Baltic Provinces from the declining Swedish Empire and Poland to Russia.[2] The period of Russian domination, which lasted down to the outbreak of the World War, opened ominously, although conditions improved somewhat during the first half of the nineteenth century.

In Lithuania the partition of Poland was followed by a period of Russification; the Orthodox religion was introduced, and Catholic ecclesiastical property was to a large extent handed over to the Orthodox Church; the University of Vilna and the higher schools were closed, and the use of the Lithuanian language was forbidden in all schools. In 1861 the peasants were liberated and granted the right to hold a small amount of land; but, after the Polish insurrection of 1863, which was sternly suppressed by Muraviev, it was decreed that

[1] Swedish rule was later a decisive factor in the establishment of the Lutheran Church in Estonia.

[2] Riga was captured in 1710 and Reval soon after. Livonia and Estonia were ceded to Russia by the Peace of Nystadt in 1721; Courland gradually became to all intents and purposes a Russian protectorate, and in 1795 formally acknowledged the suzerainty of Catherine the Great. In the course of the three partitions of Poland in 1772, 1793, and 1795 the whole of Lithuania proper passed into the hands of Russia, although Memel remained part of Prussia, in which it had been incorporated in the sixteenth century.

only adherents of the Orthodox religion might hold land, and the following year the writing of Lithuanian in Latin characters was forbidden. In 1894 Catholics were forbidden to hold any position, however small, in the central or local administrative services. None the less, the end of the century saw the foundation of a nationalist movement, led by Dr. Basanavicius, and the acquisition by the peasantry of a certain amount of land in small-holdings through the establishment of land banks and co-operative societies. In 1904 the law forbidding the printing of the Lithuanian language in Latin characters was repealed, and the flood of nationalist literature increased in volume.

In the other Provinces the situation of the peasants was even worse than in Lithuania, owing to the presence of the Baltic Barons, who were always loyal subjects of the Tsars, and who from the outset took a leading part in the administration of the Russian Empire. Under Russian rule the Barons secured the restoration of all privileges of which they had been deprived under the Swedish régime; moreover, they now created a closed corporation, consisting of 172 families which alone had the right to own land. Various attempts made by successive Tsars to improve the lot of the peasants were frustrated by the Barons, and serious rebellions were put down in 1783–4 and again in 1802. After the latter, Alexander I issued an ordinance in 1804 limiting serfdom, but its effects were nullified by the Barons. Laws abolishing personal serfdom altogether in Estonia (1816), Courland (1817), and Livonia (1819)[1] did little to improve matters, since freedom was of little use to peasants with no claim either to tenancy or ownership of land. In 1849, however, Alexander II enacted a new Agrarian Law abolishing forced labour and providing for the purchase or hire of certain lands by the peasant communes. Under Alexander III (1881–94) a determined policy of Russification was initiated, aimed as much at the German as at the native population; indeed, the later native movement of 1905 may be traced largely to the indirect encouragement which it now received from the Russian Government's anti-German policy. Russian law and police organization were substituted for the existing German system, and the Russian language was made compulsory in schools. On the other hand, Letts and Estonians were allowed to hold Government posts. Towards the end of the century, too, there was an improvement in the material status of the peasantry; the Russian railways brought trade to the ports of Riga and Libau, and in the towns a small proletarian class grew up which was ripe for the spread of revolutionary ideas. As in Lithuania, nationalist movements were set on foot, and Young Lett and Estonian parties were formed.

These movements, in all three countries, were quick to exploit the

[1] The first emancipation of serfs in the whole Empire was in the Baltic Provinces.

000 virtual disappearance of the former Russian and German official classes.

178 554 565 Moreover, the social structure of the former Russian provinces had crumbled, and the Baltic peoples, who had hitherto been the least considered members of society, were now masters in their own house, chaotic though that house might be. This shift in the balance of power gave rise to a whole series of special problems concerned with the regulation of the relations between the various sections of the community, ranging from the redistribution among the peasants of land which had formerly belonged to the large estate owners, to the definition and stabilization of the position of the national minorities, and the adjustment of the relations between the States and the various religious denominations. It is proposed to reserve discussion of the constitutional and political history of the new States till a later chapter, and to summarize here the ways in which they handled some of the other problems with which they were confronted.

1. Agrarian Reform

423 471 The first concern of the Baltic Governments was the expropriation of the great landed estates and their redistribution among the peasants. Even before the new Constitutions had been drafted, agrarian laws were passed in Estonia in October 1919, and in Latvia in September 1920, while in Lithuania there was a whole series of decrees starting in December 1918, and culminating in the Agrarian Law proper in April 1922.

In Estonia, the reforms were effected almost entirely at the expense of the Baltic Barons;[1] in Latvia, the burden was borne largely by the German Balts, the Poles, and Russians, and some fifty Latvian landowners; while in Lithuania the chief sufferers were the Poles and Russians, especially those who had obtained land on privileged terms from the Russian Government and such institutions as the Nobles' Bank, the Peasants' Land Bank, and the Orthodox Church, the German-Balt element here being negligible.

The treatment meted out to the dispossessed landlords was far more severe in Estonia than in the other two countries, for here they were deprived even of a minimum amount of land for their own use, whereas in Latvia and Lithuania they were at least allowed to retain small residual estates ranging in size from 50 to 100 hectares. In the matter of compensation the Latvian régime was the most severe, for, although the Constituent Assembly had recognized its desirability in principle, a law was passed in April 1924 providing that there should be no indemnity. The limited amount of compensation

[1] About 86·5 per cent. of the expropriated land belonged to the Baltic Barons, 2·8 to Russians, 6·4 to foreigners, and 4·3 to Estonians.

563 who estimate their numbers considerably higher than does the official
162 census, lived for the most part near the East Prussian frontier, where they settled as small peasants and artisans in the last century. Small Polish and Lettish minorities inhabited the districts bordering on
● 565 their respective countries of origin. The bulk of the Lithuanians themselves belonged to the peasant and farmer class. There were, however, fairly large bourgeois, clerical, and intellectual classes; the nobility, in so far as it still existed, resided for the most part in Poland, and was in fact almost entirely Polish.

563 The legal status of the minorities was regulated by Articles 73 and
656 74 of the Constitution of December 1922, which provided that
642 national minorities, forming 'an appreciable part of the citizens', might administer autonomously the affairs of their national culture and elect the necessary bodies to conduct these affairs in the manner prescribed by law. They might also impose taxes on their members for the needs of national culture, and might avail themselves of a proportion of the sums set aside by the State and the local government bodies for purposes of education and charity, in so far as their needs were not satisfied by the general establishments maintained by those bodies.[1]

563 In accordance with the requirements of the League of Nations, on
671 May 12, 1922, shortly after her admission to that body, Lithuania made a Declaration modelled on the Polish Minority Treaty of June 28, 1919. This guaranteed to Lithuanian nationals who belonged to racial, religious, or linguistic minorities the same treatment in law and in fact enjoyed by other nationals, as well as the right to maintain and control at their own expense charitable, religious, and social institutions, schools, and other educational establishments, and to use their own language and practise their own religion therein.[2] Provision was to be made, in towns where there was a considerable proportion of Lithuanian nationals belonging to linguistic minorities, for the instruction of children in the State primary schools in their own

[1] These rights and privileges were confirmed by Section VII of the Constitution of May 25, 1928.

[2] 871

TABLE 2. *Minorities and Education in Lithuania.*

Type of school	*Year*	*Total no. of schools*	*Lithuanian*	*Jewish*	*Russian*	*German*	*Polish*	*Latvian*	*White Russian*	*Diverse*
Primary	1928–9	2,431	2,185	135	15	18	30	8	..	40
"	1935–6	2,308	2,147	109	3	10	11	13	..	15
Secondary	1928–9	122	83	29	2	3	3	1	..	1
"	1935–6	107	74	24	1	3	3	1	..	1
		students								
University	1928–9	3,812	2,555	1,070	47	30	85	10	7	8
"	1935–6	3,223	2,555	486	40	30	84		13	6

Lithuania
Latvia

grievances of the German minority itself have been concerned chiefly with the exclusive use of the Lithuanian language in schools, and with the Government's policy of trying to compel German children to attend Lithuanian schools. In 1936 the Poles joined with the Germans in protesting against such measures, and against the restrictive supervision of the press.

Latvia. The national minorities in Latvia formed a larger proportion of the total population[1]—amounting in 1930 to 23·4 per cent.—and played a correspondingly more important part in political life than did those in Estonia or Lithuania. The majority of the Lettish population are small peasants, with a certain number of artisans and labourers and a very small middle class. The large Russian minority also consists chiefly of peasants—many of them refugees—who are settled almost entirely in the frontier districts, whereas the Jews have tended, as usual, to concentrate in the towns. The German minority is made up mainly of expropriated landlords and of merchants, over two-thirds of whom live in Riga. The Poles, most of whom belong to the small landowning and middle classes, tend, like the Russians, to congregate in the border districts.

The Latvian Constitution of 1922 contained no reference to the position of the minorities, although the guarantee of their cultural and national rights had been one of the planks of the 'Political Platforms of the National Council' in 1918. A law of December 6, 1919, however, providing that Lettish should be the language in the law-courts, permitted the use of German and Russian where necessary.[2] Moreover, on December 18, 1919, a 'Law of Scholastic Autonomy' was enacted, providing for the establishment of a council for each of the more important minorities, to have complete control in respect of the types of schools set up, the kind of instruction given, and other educational matters.[3] A specified proportion of the Budget was

[1] TABLE 3. *Population of Latvia According to Race.*

[162]

Race	1920		1930		1935	
	Number	*Percentage of total*	*Number*	*Percentage of total*	*Number*	*Percentage of total*
Lettish	1,138,536	80·4	1,394,957	73·4	1,472,612	75·50
Russian (including White Russian)	118,023	8·9	237,809	12·5	233,366	11·97
Jewish	60,892	4·3	94,388	4·9	93,479	4·79
German	45,315	3·2	69,855	3·7	62,144	3·19
Polish	31,154	2·2	59,374	1·4	48,949	2·51
Others (including Lithuanians and Estonians)	14,161	1·0	33,593	0·9	39,952	2·04

[2] This privilege was confirmed by a circular of the Ministry of Justice on December 4, 1920, and again by a pronouncement of the Supreme Court of Appeal in January 1931.

[3] Such councils, while acting within a special Minorities Department of the Ministry of Education, would each include a chairman and three other delegates nominated by the

563 Educational Board was abolished, and special officials (a German,
871 a Russian, a Pole, and a Jew) have since been put in charge of the
191 educational affairs of their respective national groups. A further blow was struck with the issue of a new decree in January 1935, requiring all public and private economic undertakings to keep their books and conduct their correspondence and general business in the Lettish language. In June twelve Polish schools were closed.

563 Finally, on New Year's Day of 1936, came the unkindest cut of all,
475 when decrees were issued setting up State Chambers of Trade and of
698 Industry and Commerce, and providing for the eventual dissolution of other economic organizations such as the German guilds, which had existed for some 700 years, and the transfer of their property to the new Chambers or to the local administrations. This measure aroused the resentment not only of the German minority in Latvia, which presented a memorandum on the question to the Government, but also of the German Government, which took up the cudgels on their behalf. On January 16, 1936, the Latvian Minister in Berlin handed in a protest against the violent anti-Latvian press campaign which ensued; on the 22nd the German Minister in Riga called on President Ulmanis, but the latter protested firmly against any German interference in Latvian affairs. Soon after, in March, a secret organization believed to have connexions with Germany was discovered; the arrest of some thirty-five German Balts followed, and, on April 1, a decree was issued dissolving all the economic organizations which had not already complied with the economic decrees of the previous January.[1]

Estonia. The bulk of the Estonians themselves belong to the small
● 565 peasant class, which was emancipated from serfdom in the last cen-
563 tury; a few are labourers and artisans, and there is a small middle
162 class. The national minorities, which in 1934 amounted to 11·8 per cent. of the total population of 1,107,059,[2] consist chiefly of Russians, Germans, Swedes, and Jews. Nearly three-quarters of the Russians are poor peasants living in the eastern frontier districts, the other

[1] The famous Riga *Gesellschaft* was spared, as being a purely cultural union.

[2] TABLE 5. *Population of Estonia According to Race.*

Race	1922		1934	
	Number	*Percentage of total*	*Number*	*Percentage of total*
Estonian . . .	970,707	87·68	997,923	88·2
German . . .	18,319	1·66	16,346	1·5
Russian . . .	91,109	8·23	92,656	8·5
Swedish . . .	7,850	0·71	7,641	0·7
Jewish . . .	4,566	0·41	4,434	0·4
Others . . .	14,506	1·31	7,190	0·7

quarter being composed chiefly of ex-officials of the Imperialist Russian régime. In 1922 there were about 18,000 refugees, formerly members of the White Russian army of General Yudenich. The German minority, which is almost entirely Lutheran, consists mainly of merchants, artisans, industrialists, and expropriated Baltic Barons; most of them live in the towns, as does also the small middle-class group of Jews. The Swedes are concentrated on the coast and in certain islands, where they earn a livelihood as fishermen and peasants. A certain number of Letts inhabit the districts near the Latvian border, several of which were in dispute between the two countries in 1918.

Estonia has a well-earned reputation for the model treatment of her national minorities. The Constitution of 1920 (Articles 12 and 20–3) guaranteed instruction in their mother tongue to racial minorities, and granted every Estonian citizen the right to declare to what nationality he belonged. Racial minorities had the right to establish autonomous institutions for the preservation and development of their national culture, so far as was compatible with the interests of the State. In districts where the majority of the population belonged to a racial minority the language used in the local administrative bodies might be the language of that minority, without prejudice to the right of Estonian nationals to use their own in dealing with such bodies. Article 23 provided that individual German, Russian, and Swedish nationals should have the right to address the Central Administration in their own languages, and foreshadowed the passing of special laws regulating the use of those languages in the courts. In view of this comprehensive charter of rights, Estonia considered superfluous the Declaration guaranteeing minority rights which was required of her by the League of Nations on her admission in 1921, and she only consented to make a general statement, similar to that of Latvia, on September 17, 1923.[1]

On February 4, 1925, a Law of Cultural Autonomy was adopted, providing that any minority numbering not less than 3,000 persons should have the right to exercise national autonomy.[2] The administrative organs of cultural autonomy were to consist of the Cultural Council, with not less than twenty and not more than sixty

[1] On two occasions German landowners in Estonia sent petitions to the League of Nations relating to agrarian reform, once in February 1921 (before the Declaration of 1923) and again in May 1926. In neither case did the petitions come before the Council.

[2] If such a minority expressed the wish to do so, a register was drawn up in which any citizen over 18 years of age might enter his name, the sole criterion of his nationality being his own declaration. If less than half of the adult citizens entered in the last census as members of the minority enrolled, no further steps were taken and no fresh application could be made for three years. Otherwise, the next step was to hold elections for a Cultural Council, the convocation of which required at least half the votes registered. Finally, the right to exercise cultural autonomy was granted if two-thirds of the Council expressed the wish for it.

642 necessary for its formation led to the frequent prolongation of political crises by interminable party bargaining.

●565 665 It is important to bear in mind that the vast majority of the inhabitants of these countries are, and have always been, peasants. Under the Tsarist régime they were ardently nationalist, and, as long as the supremacy of the Baltic Barons endured, there was also a marked tendency to Socialism. After the establishment of independence, the agrarian reforms energetically prosecuted by all three States brought into existence a large new class of small peasant proprietors, and land-hunger, the chief incentive to revolution, was virtually abolished. The Agrarian parties grew steadily stronger at the expense of the Socialists and Centre groups,[1] while Communism —now that it was associated with Soviet Russia and all that Russian domination might involve—became practically extinct as a significant force.

Given, on the one hand, the state of parliamentary atrophy described above, with its probable accentuation of the economic and financial difficulties of the period, and, on the other hand, the increasing predominance of the Agrarian parties, influenced possibly by the success of the Pilsudski *coup* in May 1926 and the German National-Socialist victory in 1933, an outside observer might be tempted to describe what has happened in Estonia, Latvia, and Lithuania as a victory, in each case, of the peasant parties over 642 the Socialists, or of Fascism over parliamentary anarchy. Each of 186 the dictatorships, it is true, depends largely on the prestige of one 178 or two veteran statesmen, on the loyalty of the Army, and on the tacit acquiescence of the mass of the peasantry. It is also true, perhaps, that in each country an anti-foreign and anti-Semitic agrarian nationalism is becoming more and more pronounced, and, furthermore, that there is a common tendency on the part of the responsible leaders to favour the introduction of corporative institutions—although how far such an innovation would be likely to modify the existing concentration of powers it is as yet too soon to judge. But it would be misleading to stress the parallelism between the three States too much, or to conclude that the present authoritarian régimes employ the same methods and operate in the same interests in every case.

642 In Estonia, the Agrarian dictatorship of M. Paets was the last stage 578 of a race between the parliamentary groups and the extra-parliamentary and semi-Fascist organization, known as the 'Liberators'

[1] In Lithuania the strength of the Socialists never exceeded 17 per cent. of the whole *Seimas*; but in the other two countries the Left groups, although they were at first numerically stronger than the Agrarian parties and had played a prominent part in framing the Constitutions, participated in a quite disproportionately small number of Governments, and diminished in strength fairly steadily in successive elections.

1: Anonymous U-4 (no date)1938 RB1 Baltic States RB1
Estonia

League', to impose on the country their rival brands of constitutional reform; whereas in Latvia the protagonists were, on the one hand, the Agrarian party—itself accused of Fascism—with proposals for reform, and, on the other, the Socialists with an anti-Fascist but otherwise unconstructive programme. Moreover, the dictatorship in Estonia has operated more mildly, and departed less radically from constitutional principles, than its counterpart in Latvia.

Lithuania, again, had problems peculiar to herself. Here a religious issue cut across the straight fight between Nationalist-Agrarian and Socialist. Lithuanian nationalism demanded the restoration of Vilna; but the Vatican had recognized that province as a Polish diocese. The Christian-Democrats, who were as much a clerical as an agrarian or nationalist party, were therefore divided between two loyalties. The *coup d'état* of 1926 was executed by a group of officers in favour of the Nationalist party—a small Conservative group of landowners and industrialists—at a time when the Populists and Socialists were in office; the Christian-Democrats at first supported the Voldemaras dictatorship, owing largely to prolonged ill-feeling between the Nationalist Government and the Vatican, but they ended by going into permanent opposition, and under the Tubelis Administration were suppressed altogether. More recently the Memel dispute gave rise to some discontent, this time among the peasants, among whom there was a feeling that their interest in good trade relations with Germany was being sacrificed to a policy of extreme nationalism. None the less, the dictatorship has continued for nearly eleven years, and is only now beginning to show signs of modification; presumably, the pressing need for national unity, imposed first by the Vilna dispute and later by the Memel controversy, must be counted as the primary cause of the prolonged supremacy of a régime which appears to rest not so much—as in Estonia and Latvia—on its power to satisfy the needs of an important agricultural class, as on the support of the Army, the ability of a small group of intellectuals, and the immense personal prestige of President Smetona.

2. Estonia

Political Parties. The table of election results below[1] shows a striking shift of numerical strength from the Left and Centre parties to the Right, which consisted of the Agrarian party, or Peasants' Union, reinforced after 1923 by the New Farmers or 'Settlers'. These were the representatives of the new class of peasant proprietors created by the agrarian reforms, and became, in 1932, the left wing of a United Agrarian party.

The Agrarian party consisted chiefly of farmers who had owned

[1] See Table 8 at foot of next page.

It represented the liberal but non-socialist intelligentsia 665
and working classes, the artisans and commercial and government [525]
employees, and stood for a radical programme of social and agrarian reform. Its most valuable function was to hold the balance between the Agrarians and Social-Democrats, and during the whole course of the constitutional period it was only excluded from the Government on four occasions.[1] The **Populist party**, earlier known as the National Democratic Party, stood rather more to the Right, representing the bourgeois intellectuals and professional and business interests, and had its origin in the nationalist cultural movement under the Tsarist régime, and later, in the fusion of the Estonian Democrats and Radical Democrats in the National Council of 1918. It was represented in all but three Governments.[2]

The **Christian-Democrats**, or Christian-Nationalists, formed a smaller group whose chief concern was the defence of religious (Lutheran) and clerical interests. In social matters they followed the Right group at first, but gradually inclined towards the Centre. They participated in the majority of Cabinets after 1921, and their leader, Dr. Akel, was President of the Council in 1924, and Foreign Minister for a time under the dictatorship. Largely on account of the system of proportional representation, the Centre groups went through a phase of disintegration, especially between 1923 and 1926; the elections of 1932, however, saw a rally towards concentration, with the amalgamation of the Populists, the Labour party, Christian-Democrats, and House Owners into a single National Middle Party.

The only important group on the Left was the **Social-Democratic party**, led by MM. Rei and Martna, which was affiliated with the Second International, represented the interests of the working classes and trade unions, and stood for a moderate programme of State socialization of industry. In spite of their parliamentary strength, the Social-Democrats only took part in six Governments between 1919 and 1934,[3] and the only occasion on which a Socialist held the office of President of the Council was in 1928, when M. Rei formed a coalition of Socialists, Christian-Democrats, New Farmers, and the Labour party.

The most radical group in the Constituent Assembly had been that of the seven Socialist Revolutionaries, which, by the first *Riigikogu*, had split up into the **Independent Socialist party** and the **Communists** proper. In the 1926 elections no Independent Socialists were returned, but their more radical members, who had broken away

[1] M. Strandman was twice President of the Council (in 1919 and 1929); M. Pilp once (in 643
1920), and M. Kukk (1922).

[2] M. Tõnisson was three times President of the Council (in 1919, 1927, and 1933), and M. Jaakson once (1924).

[3] i.e. twice in 1919, and in 1924, 1928, 1931, and 1932.

A [The Labour Party in Estonia -- Analyst]

1: Anonymous U-4 (no date)1938 RB1 Baltic States RB1

TABLE 32. *Price Movements in the Baltic States,*[1] *1931–7* 435

(1929 = 100)

	Estonia	*Latvia*	*Lithuania*
Average for year 1929	100·0	100·0	100·0
" " 1930	87·2	85·0	86·6
" " 1931	77·8	70·7	74·2
" " 1932	70·9	71·0	60·9
" " 1933	72·6	69·8	53·6
" " 1934	72·6	69·2	51·5
" " 1935	71·8	72·6	46·4
" " 1936	77·8	75·6	46·4
" " 1937	86·3	94·2	52·6

articles they produce. The price of the staple agricultural products, in fact, often fell far more heavily than is suggested by these figures, while that of the manufactured goods used by the farmers fell more slowly; and the Baltic farmer was very severely affected by this opening of the 'price-scissors'. Moreover, the index figures are misleading in the case of Estonia and to some extent in that of Latvia, owing to the abandonment of the gold standard during 1933 in the former country, and in the latter to the adoption of certain measures equivalent to the recognition of currency depreciation,[2] before the gold standard was abandoned in 1936. If, for example, the index figure for Estonia in 1934 were adjusted so as to allow for the depreciation of the currency, it would stand not at 72·6 but at 45·1.

The chief effects of the fall in prices upon the agricultural classes 435 were a heavy increase in the service of their debts, which had been 652 contracted for the most part when prices were considerably higher, and 565 an increasing difficulty, amounting often to impossibility, in purchasing manufactured articles. In Estonia and Latvia the State was able to assist the farmer to some extent. Thus in 1933 the State Mortgage Bank of Estonia reduced the rate of interest on loans contracted before October of that year from 8 to 6 per cent., while in March 1934 part of the debts of certain small farmers to the State Agricultural Bank were cancelled, and the service of certain other such debts was suspended until 1937. At the same time service on the debts of certain small debtors to the State Mortgage Bank was remitted for a similar period.[3] In both countries measures were taken, more or less successfully, to maintain agricultural prices; e.g. the subsidies offered on rye and wheat or the export premiums granted for bacon, butter, and eggs. Moreover, the increase in grain production encouraged by the

[1] Estonia and Latvia: wholesale price indices, taken from League of Nations, *Monthly Bulletin of Statistics*. Lithuania: *Lietuvos Bankas Bulletin*, February 1938 (no. 15 [39]), 'commodity price' index (1926–9 = 100) adjusted with 1929 as base year.

[2] See further p. 174.

[3] League of Nations, *Memorandum on Commercial Banks, 1929–1934*, Geneva, 1935, p. 72. For the banks here mentioned, see above, p. 142.

Governments of these two States did much to compensate the agricultural class as a whole for falls in the price of their staple products. No such policy was possible in a country such as Lithuania, where agricultural production could not readily be increased. Here the situation was aggravated by the economic difficulties with Germany arising out of the Memel question,[1] and the position of the peasant long remained miserable. It was stated in November 1935 that 'in spite of all the relief afforded directly and indirectly by the Government, farmers are thrown back on their own resources, even to the wearing of home-spun cloth and straw shoes'.[2]

Since 1935, however, prices have risen appreciably in all three countries, and even in Lithuania, where the gold content of the currency has remained the same throughout, the increase has been substantial. The rise gathered momentum during the earlier part of 1937 and, though most prices have since fallen somewhat, the effect upon the position of the farmer has been enormous. The resulting increase in the purchasing power of the agricultural population has, in fact, been the basis of the active industrial conditions which persisted in Estonia and Latvia during 1936 and 1937–8, and of the considerable increase in Lithuania's imports in 1937, most of which are of an industrial nature.

3. Agriculture

The production of cereals over the period is shown in the following table:

Table 33. *Cereal production*

	Area under crop (thousand ha.)				*Production (thousand quintals)*				*Yield (quintals per ha.)*			
	Average 1926–30	*Average 1931–5*	*Year 1936*	*Year 1937**	*Average 1926–30*	*Average 1931–5*	*Year 1936*	*Year 1937**	*Average 1926–30*	*Average 1931–5*	*Year 1936*	*Year 1937**
Wheat												
Estonia	30	56	66	68	321	634	662	753	10·7	11·3	10·0	11·1
Latvia	61	119	129	137	731	1,632	1,435	1,715	11·8	13·7	11·1	12·5
Lithuania	163	205	196	209	1,859	2,532	2,189	2,174	11·9	12·4	11·0	10·4
Barley												
Estonia	114	107	101	89	1,139	1,034	868	819	9·9	9·7	8·6	9·2
Latvia	176	185	189	182	1,570	2,004	1,650	2,514	8·8	10·8	8·7	13·0
Lithuania	201	202	214	214	2,113	2,435	2,326	2,471	10·7	12·1	10·9	11·5
Rye												
Estonia	142	147	137	149	1,594	1,907	1,535	2,059	12·1	13·0	11·2	13·8
Latvia	254	253	258	288	2,471	3,146	2,860	4,514	9·7	12·4	11·1	14·6
Lithuania	471	498	492	510	5,184	5,691	5,414	6,009	10·8	11·4	11·0	11·8
Oats												
Estonia	144	142	138	145	1,373	1,409	1,138	1,437	9·6	9·9	8·2	9·9
Latvia	297	317	339	336	2,561	3,542	2,844	4,049	8·0	11·2	8·4	12·1
Lithuania	335	350	357	348	3,370	3,735	3,316	3,898	9·4	10·7	9·3	11·2

* 1937: provisional figures only.

[1] See below, p. 167.

[2] D.O.T.: *Economic Conditions in Lithuania, November 1935*, publ. 1936, p. 24.